

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6951**

**BILL NUMBER:** HB 1481

**NOTE PREPARED:** Apr 14, 2003

**BILL AMENDED:** Apr 9, 2003

**SUBJECT:** Employee Unpaid Wage Claims.

**FIRST AUTHOR:** Rep. Pflum

**FIRST SPONSOR:** Sen. Harrison

**BILL STATUS:** As Passed - Senate

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill increases from \$600 to \$2,000 the maximum amount an employee may claim as unpaid compensation against an employer that goes out of business or files bankruptcy. It establishes (1) an employee's claim for unpaid compensation as a secured interest; and (2) the employee as a secured creditor.

This bill provides a procedure for an employer to deduct amounts due to the employer from the employee from unpaid wages due to the employee. It provides that after employment terminates, neither an employer or an employee are precluded from recovering damages other than unpaid wages or amounts due to the employer. The bill exempts employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment. It also permits a wage assignment for the payment of uniforms, the payment of tools and equipment, or tuition repayment. It repeals language requiring an employer to pay employees in commercial paper. This bill repeals duplicative language concerning frequency of wage payments to employees. The bill also repeals outdated language concerning liens of laborers.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**(Revised) The impact on the state and local governments would be as an employer and should be a minor impact, if any.

The provisions exempting employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment should have no impact.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825